

JUL 11 1979

MICHAEL RODAK, JR., CLERK

IN THE
Supreme Court of the United States

October Term, 1979No. **79-501**

SATCO, INC.,

Petitioner,

vs.

TRANSEQUIP, INC.,

Respondent.

SATCO, INC.,*Petitioner,*

vs.

SEABOARD WORLD AIRLINES,

Respondent.

**Petition for Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit.**

ROLAND N. SMOOT,

LYON & LYON,

800 Wilshire Boulevard, 9th Floor,
Los Angeles, Calif. 90017,
(213) 489-1600,

Counsel for Petitioner.

SUBJECT INDEX

	Page
Opinions Below	1
Jurisdiction	2
Question Presented	2
Statutory Provision Involved	2
Statement of the Case	2
A. The Issue	2
B. The Opinions Below	3
Reasons for Granting the Writ	5
A. Summary	5
B. The Conflict	5
C. The Public Interest	8
Conclusion	12
Appendix A. Opinion	App. p. 1
Appendix B. Satco, Inc. v. Transequip, Inc. Cite as 415 F.Supp. 221 (1976)	9
Appendix C. United States Code, Title 35—Patents	15
Appendix D. (40) Examination of Claims for Pat- entability Under 35 U.S.C. 103	16

ii.

TABLE OF AUTHORITIES CITED

Cases	Page
American Seating Co. v. National Seating Co. (6th Cir. 1978) 586 F.2d 611	6
Anderson's-Black Rock, Inc. v. Pavement Salvage Co. (1969) 396 U.S. 57, 24 L.Ed.2d 258	6
Clark Equipment Co. v. Keller (8th Cir. 1978) 570 F.2d 778	7
Fred Whitaker Co. v. E. T. Barwick Indus., Inc. (5th Cir. 1977) 551 F.2d 622	6
Graham v. John Deere Co. (1966) 383 U.S. 1, 15 L.Ed.2d 545	2, 3, 4, 5, 6, 7, 8
International Tel. & Tel. Corp. v. Raychem Corp. (1st Cir. 1976) 538 F.2d 453	6
Penn International Industries v. Pennington Corp. (9th Cir. 1978) 583 F.2d 1078	6, 7
Republic Industries, Inc. v. Schlage Lock Co. (1979) 592 F.2d 963, 200 USPQ 769	7
Roanwell Corporation v. Plantronics, Inc. (1976) 429 U.S. 1004, 50 L.Ed.2d 617	12
Sakraida v. Ag Pro, Inc. (1976) 425 U.S. 273, 47 L.Ed.2d 784	6

Miscellaneous

430 BNA Patent, Trademark & Copyright Journal (BNA) A-2	11
430 BNA Patent, Trademark & Copyright Journal, (BNA) A-7	9
125 Congressional Record H22, 912 (daily ed. Feb. 27, 1979)	9

iii.

	Page
125 Congressional Record 567, 6715 (daily ed. May 24, 1979)	10
Industrial Innovation Coordinating Committee Subcommittee on Patent and Information Policy, Draft Report on Patent Policy Sec. 2 (III) (1978)	11
News Week, June 4, 1979	10
The Patent Office Official Gazette, July 8, 1976, 949 O.G. 3	8

Statutes

Patent Act of 1952, Sec. 103 (35 USC 103)	2, 3, 5, 7
Senate Bill 414	9
Senate Bill 677	11
Senate Bill 688	11
Senate Bill 1250	10
United States Code, Title 28, Sec. 1254(1)	1
United States Code, Title 28, Sec. 1338	2
United States Constitution, Art. I, Sec. 8, Clause 8..	8

Textbook

Dula, Tamea A., Sakraida v. Ag Pro, Inc.: Combination Patents Now Require Synergistic Effects, 15 Houston Law Review, p. 157 (1977)	6
---	---

IN THE
Supreme Court of the United States

October Term, 1979

No. _____

SATCO, INC.,

Petitioner,

vs.

TRANSEQUIP, INC.,

Respondent.

SATCO, INC.,

Petitioner,

vs.

SEABOARD WORLD AIRLINES,

Respondent.

**Petition for Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit.**

Petitioner, Satco, Inc., prays that a Writ of Certiorari
issue to review the judgment of the United States
Court of Appeals for the Ninth Circuit.

Opinions Below.

The opinion of the Court of Appeals is reported
at 594 F.2d 1318 and is reprinted as Appendix A
to this Petition. The opinion of the District Court
for the Central District of California is reported at
415 F.Supp. 221 and is reprinted as Appendix B.

Jurisdiction.

The judgment of the Court of Appeals was filed April 16, 1979. The jurisdiction of this Court is invoked under 28 USC 1254(1).

Question Presented.

Under Section 103 of Title 35 USC, is “synergism” a fourth factual inquiry which *must* be added to the three mandated by *Graham*¹ to determine the obviousness or nonobviousness of a combination of old elements?

Statutory Provision Involved.

This case involves Section 103 of the Patent Act of 1952, 35 USC 103 (Appendix C).

Statement of the Case.

A. The Issue.

Petitioner, Satco, Inc., seeks review of the decision of the Court of Appeals for the Ninth Circuit affirming the judgment of the District Court holding that a nonstatutory, post-invention, factual determination—labeled “synergism”—is the ultimate constitutional test of patentability for a combination of elements.

Satco, as holder of United States Letters Patent No. 3,698,677 entitled “Pallet for Moving and Securing Cargo” issued October 17, 1972, brought separate actions against Respondents, Transequip, Inc. and Sea-

¹*Graham v. John Deere Co.* (1966) 383 U.S. 1, 15 L. Ed.2d 545.

board World Airlines, for patent infringement, jurisdiction being predicated upon Section 1338 of Title 28 USC. The District Court and the Court of Appeals held that patent invalid under 35 USC 103 because the claimed combination of elements did not exhibit a synergistic result.

B. The Opinions Below.

In *Graham v. John Deere Co.*, *supra*, this Court set forth a three-step test, factual in nature and relating to circumstances as they existed at or prior to the time of an invention, against which the obviousness or nonobviousness of that invention was to be determined. Without even a reference to *Graham*, the trial court invalidated Satco’s patent, holding:

“Each basic element combined in the Looker patent—center panel, frame, rivets, sockets—was known in the prior art. The pivotal question under §103 is, then, whether this assemblage of old elements created a valid combination patent by producing a result that can be characterized as synergistic.” (415 F.Supp. at 224).

Finding that the combination does not produce “a synergism”, the trial court dismissed the complaint.

On appeal, the Court of Appeals rejected our contention that the trial court had failed to undertake the factual analysis required by *Graham*, holding that while there was no precise articulation of the *Graham* analysis, that court had, in fact, examined prior art in comparison with the Satco patent and had taken into account the level of ordinary skill in the pertinent art. It

then held that the District Court was called upon to form a legal conclusion as to the Section 103 condition of patentability.

"In forming its legal conclusion that the (claimed structure) failed of patentability for obviousness, the district court properly considered the failure of that device, which combines old elements, to create a synergistic result or to disclose any 'unusual or surprising consequences.'" (594 F.2d at 1322).

The Court of Appeals, therefore, has added to the *Graham* analysis a fourth factual inquiry determinable only after an invention has been made, the existence of which, according to the Court of Appeals, is the essential legal criteria of patentability.

REASONS FOR GRANTING THE WRIT.

A. Summary.

Petitioner respectfully submits that this Court should review the present case to eliminate the conflict existing among the Circuits as to the effect of synergism on patentability. Resolution of this issue is important to bring stability to this important area of the law.

B. The Conflict.

By Section 103 of Title 35, Congress has specified that an inventor is entitled to a patent for his invention unless that invention would have been obvious, at the time the invention was made, to a person of ordinary skill in the art.

This Court, in construing that Section, said, in *Graham*:²

"While the ultimate question of patent validity is one of law, *A & P Tea Co. v. Supermarket Corp.*, *supra*, 340 U.S. at 155, the §103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined."

This Court went on to say that there would be difficulties in applying the nonobviousness test, but that:

²*Graham v. John Deere Co.*, *supra*, 383 U.S. at page 17.

"We believe that strict observance of the requirements laid down here will result in that uniformity and definiteness which Congress called for in the 1952 Act." (383 U.S. at 18).

Subsequent to *Graham*, this Court decided *Anderson's-Black Rock*³ and *Sakraida*.⁴ It has been suggested by some writers⁵ and held by some courts that these subsequent decisions added to the *Graham* analysis a fourth factual test—synergism. Indeed, some Courts of Appeals have held that absent synergism there can be no invention. See *International Tel. & Tel. Corp. v. Raychem Corp.* (1st Cir. 1976) 538 F.2d 453 at 457; *Fred Whitaker Co. v. E. T. Barwick Indus., Inc.* (5th Cir. 1977) 551 F.2d 622 at 631; *American Seating Co. v. National Seating Co.* (6th Cir. 1978) 586 F.2d 611 at 620, *et seq.*; *Penn International Industries v. Pennington Corp.* (9th Cir. 1978) 583 F.2d 1078 at 1081; and, of course, the decision of the Ninth Circuit which, by this Petition, we seek to have this Court review.

In *Penn International*, *supra*, the Ninth Circuit said:

"To withstand challenge a combination patent must be synergistic. . . ."

Because, as a matter of logic, no combination of mechanical elements can produce a synergistic result, and because, as a matter of fact, the overwhelming majority of all inventions are improvements of existing devices accomplishing expected results in a different man-

³*Anderson's-Black Rock, Inc. v. Pavement Salvage Co.* (1969) 396 U.S. 57, 24 L.Ed.2d 258.

⁴*Sakraida v. Ag Pro, Inc.* (1976) 425 U.S. 273, 47 L.Ed.2d 784.

⁵See, e.g., *Dula, Sakraida v. Ag Pro, Inc.: Combination Patents Now Require Synergistic Effects*, 15 Houston L.Rev. 157 (1977).

ner, other Courts of Appeals have recognized that synergism cannot be the *sine qua non* of patentability.

For example, in *Clark Equipment Co. v. Keller* (8th Cir. 1978) 570 F.2d 778 at 789, it was held:

"In the patent law context, 'synergism' has no talismanic power; synergism is merely one indication of nonobviousness."

And the Seventh Circuit, in *Republic Industries, Inc. v. Schlage Lock Co.* (1979) 592 F.2d 963, 972, in a careful analysis of synergism and its definition, said:

". . . because synergism has prevented the development of a consistent, predictable body of law under section 103, and because the concept does not bear any logical *ipso facto* relationship to obviousness, the term has little, if any, utility. Therefore, until Congress shall otherwise legislate or the Supreme Court shall otherwise specifically hold, this court will continue to apply the *Graham* analysis as the exclusive means by which to measure nonobviousness under section 103."

It is impossible to rationalize the decisions of the Court of Appeals for the Ninth Circuit in the present case and that in *Penn International*, *supra*, with the decisions of the Seventh Circuit in *Republic Industries* and the Eighth Circuit in *Clark Equipment Co.* Synergism is either the touchstone of patentability or it is not. And the conflict between the circuits in this regard creates the very uncertainty which Congress, in enacting Section 103, and this Court, in deciding *Graham*, sought to alleviate.

The existence of the conflict will intensify unless it is soon resolved because the United States Patent

and Trademark Office, which is responsible in the first instance for the determination of patentability, relies strictly upon the *Graham* factual trilogy in determining obviousness.⁶

We would emphasize that the existence of this conflict and its effect on the patent system as a whole is a matter of serious concern to the President, to Congress and to industry because of the deleterious effect uncertainty brings to the process of innovation, a matter of considerable importance to the nation as a whole.

C. The Public Interest.

The founding fathers sought to promote the progress of the arts and sciences by permitting Congress to grant to inventors, for a limited time, the exclusive rights to their discoveries.⁷ Acting under this authority, Congress has authorized the granting of patents and provided means for their enforcement. The overall value of the patent system cannot be disputed. It has helped, and it is fair to say in some cases been instrumental, in making this country one of the most productive and innovative in all of history.

Innovation, and the effort, both in time and money, necessary to achieve it, is essential to continued growth, effective competition, both nationally and internationally, and economic stability. While a number of factors stimulate or impede the innovative process, the ability of an innovator effectively to protect his innovation is a matter of importance. Absent that ability, the commitment of individuals, of industry, of the government, to expend money for innovation is stifled.

⁶See 949 O.G. 3, The Patent Office Official Gazette, for July 8, 1976, reproduced, in part, as Appendix D hereto.

⁷U.S. Const., Art. 1, §8, Cl. 8.

It is a recognized fact that the United States of the 1970s is about to take second place in the development of new products. Congress, the President and the press have so said publicly and often.

On February 27, 1979, the President advised Congress that the Attorney General would be submitting proposals to improve the courts, which proposals included one directed to the creation of a "United States Court of Appeals for the Federal Circuit" which, among other things, would have exclusive jurisdiction over patent appeals from all federal District Courts in the United States. The President said that this new court would "... expand the Federal judicial system's capacity for definitive adjudication of national law and thereby contribute to the uniformity and predictability of legal doctrine in these areas, which have long been marked by inconsistent appellate decisions, encourage industrial innovation, and in the long run reduce patent and trademark litigation."⁸

In Congress, Senators Bayh and Dole have introduced Senate Bill 414 relating to patent rights resulting from government funded research and development contracts. The Senators have asserted that their bill would provide the incentive necessary to foster innovation and increase productivity. On May 16, before the Senate Judiciary Committee Subcommittee on the Constitution, Senator Bayh indicated his concern that the United States is rapidly losing its preeminent position in the development and production of new technologies. He noted, among other things, that the number of patents issued each year has declined steadily since 1971, and investment in research and development over the past ten years, in constant dollars, has failed to increase.⁹

⁸125 Cong. Rec. H22, 912 (daily ed. Feb. 27, 1979).

⁹430 BNA Patent, Trademark & Copyright Journal (BNA) A-7.

Senators Stevenson, Canon, Hollings, Inouye, Ford, Reigle, Moynihan and Schmitt have introduced Senate Bill 1250 in an effort to promote innovation. In introducing the bill, Senator Stevenson noted the existing warnings suggesting the loss of the United States of technological leadership. He added that, "If innovation is not encouraged, the economy will stagnate, inflation will continue, and improved employment opportunities will not be forthcoming."¹⁰

The June 4, 1979 edition of *Newsweek* had as its cover article an examination of the decline of innovation in the United States. It attempted to evaluate the innovative processes, their value to the American economy, and the causes for their decline. In seeking to determine what can be done to spur American innovation, it suggests, among other things, an overhaul of the patent law.

A domestic policy review of industrial innovation is being conducted as a result of President Carter's concern for the status of industrial innovation in the United States. This review is being conducted by the Industrial Innovation Coordinating Committee chaired by Secretary of Commerce Kreps. Its Subcommittee on Patent and Information Policy has published a draft report in which it is noted that, "The most serious problems with the patent system are the uncertainty about the reliability of patents and the long time and high costs associated with resolving such uncertainty through litigation." The Subcommittee has noted the "... extensive differences in the various circuits' application of the patent law which has inordi-

¹⁰125 Cong. Rec. 567, 6715 (daily ed. May 24, 1979).

nately increased litigation expenses (by encouraging shopping) and made it extremely difficult for patent lawyers to advise their clients as to the likelihood of success in a given case."¹¹

Judge Markey, Chief Judge of the Court of Customs and Patent Appeals, appeared before the Senate Subcommittee on Improvements in Judicial Machinery for its initial round of hearings on Senator Kennedy's proposed legislation, Senate Bills 677 and 688.¹² There, Judge Markey testified that, "The fundamental problem in patent law in this country * * *, lies in the approach to decision illustrated in court opinions, wherein nonstatutory slogans are employed and grow into mindless decisional rules for all cases."¹³

Obviously, there are a multitude of reasons for the decline in innovation, for unemployment, for economic instability, and no single law, no single decision of this Court, will, alone, reverse the trend. But certainty, or at least consistency, in the application of the law increases the probability of stability and gives some degree of predictability to the matter of evaluating patents. That predictability increases the value of the patents, and thus the value of innovation.

The conflict in the circuits brings to a determination of the obviousness-nonobviousness criterion of patentability the disadvantages that uncertainty fosters—forum shopping, expense, unreliability—and markedly

¹¹Industrial Innovation Coordinating Committee Subcommittee on Patent and Information Policy, Draft Report on Patent Policy §2 (III) (1978).

¹²These bills, like the Attorney General's Federal Courts Improvement Act, would create a United States Court of Appeals for the Federal Circuit having exclusive jurisdiction over appeals in patent cases.

¹³430 Patent, Trademark & Copyright Journal (BNA) A-2.

reduces the value of all patents, and thus the value of innovation. The desirability of a prompt resolution of that conflict is emphasized by the dissent of Mr. Justice White and Mr. Justice Brennan to the denial of certiorari in *Roanwell Corporation v. Plantronics, Inc.* (1976) 429 U.S. 1004, 50 L.Ed.2d 617. There, Mr. Justice White said:

“ . . . to be patentable, a combination of elements must produce something more than the sum of the pre-existing elements; there must be a synergistic result that is itself nonobvious.”

We most respectfully submit that the standard thus proposed is scientifically impossible and would reduce patentable subject matter to inventions which were the result of serendipity. If stability is to be returned to this branch of the law, if the conflict between the circuits is to be resolved, and if innovation is to be encouraged by the existence of a viable patent system, we earnestly urge that Petitioner's Writ be granted and that this Court strike synergism as a requirement for patentability.

Conclusion.

For the reasons stated, a Writ of Certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit.

Respectfully submitted,

LYON & LYON,

By ROLAND N. SMOOT,

Attorneys for Petitioner.

APPENDIX A.

Opinion.

United States Court of Appeals, for the Ninth Circuit.

Satco, Inc., Plaintiff-Appellant, v. Transequip, Inc.,
Defendant-Appellee Cross-Appellant. No. 76-3481.

Satco, Inc., Plaintiff-Appellant, v. Seaboard World
Airlines, Defendant-Appellee Cross-Appellant. No. 76-
3482.

Satco, Inc., Plaintiff-Appellee, v. Transequip, Inc.,
Defendant-Appellant, and Satco, Inc., Plaintiff-Appel-
lee, v. Seaboard World Airlines, Defendant-Appellant.
No. 77-1006.

Filed: April 16, 1979.

Appeal from the United States District Court for
the Central District of California.

Before: CHAMBERS, Senior Circuit Judge;
BRIGHT* and TANG, Circuit Judges

BRIGHT, Circuit Judge.

Satco, Inc., as holder of United States Patent No. 3,698,677, entitled "Pallet for Moving and Securing Cargo," issued on October 17, 1972, brought separate actions in federal district court against appellees Transequip, Inc. and Seaboard World Airlines for patent infringement. The district court¹ determined that Satco's device was not patentable, because the pallet failed to meet the statutory test of non-obvious subject matter,

*Honorable Myron H. Bright, United States Circuit Judge, United States Court of Appeals for the Eighth Circuit, sitting by designation.

¹The Honorable Harry Pregerson, United States District Judge for the Central District of California.

under 35 U.S.C. § 103 (1976), and the court dismissed the action.

Satco appeals the dismissal, attacking the district court's ruling that its patented device is "obvious." Transequip and Seaboard cross-appeal the failure of the district court to award them attorneys' fees. We affirm the rulings of the district court.

I. Background.

Satco's patented cargo pallet, known as the "Looker" patent after its inventor, Robert Looker, is illustrated and fully described in the district court's opinion, reported as *Satco, Inc. v. Transequip, Inc.*, 415 F. Supp. 221 (C.D. Cal. 1976). Without fully repeating that description, we observe that the Looker patent represents an all-metal pallet, with dimensions of 88 inches by 108 or 125 inches, consisting of a flat sheet of .20-inch thick aluminum, surrounded by and riveted to a sturdy aluminum frame. The frame contains sockets or slots designed to engage cargo nets or containers. Air cargo is strapped to this pallet, and the unit (cargo and pallet) may be moved over cylindrical rollers in an airplane and thereafter secured to the deck of the aircraft.

Prior to the Looker patent, most pallets utilized for aircraft cargo contained a rigid center panel of a laminated material. After a certain period of use, such materials often become delaminated, torn, dented, or warped. Because the center panel of the Looker patent consists of a single flexible sheet of aluminum, it does not separate or easily break or tear. According to Satco, the Looker patent possesses two useful features not found together in other pallets: (1) verticle flexibility through use of the relatively thin aluminum sheeting,

and (2) horizontal rigidity because of the introduction of the heavier aluminum metal frame. Satco relies on the interaction of these features as establishing the nonobviousness of its invention, notwithstanding that each individual element of the Looker patent had long been known to designers of cargo pallets.

The district court, in rejecting Satco's contention of nonobviousness, stated:

Each basic element combined in the Looker pallet—center panel, frame, rivets, sockets—was known in the prior art. The pivotal question under § 103 is, then, whether this assemblage of old elements created a valid combination patent by producing a result that can be characterized as synergistic, *i.e.*, "result[ing] in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61 * * * (1969).

* * * *

In short, while Looker's combination of known elements performs a useful function and enjoys moderate commercial success, it produces no synergistic results, *i.e.*, it "is wanting in any unusual or surprising consequences"; therefore, it is not patentable under the test applicable to combination patents. *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152 * * * (1950). "The [A & P Tea] 'unusual or surprising consequences' test for patentability of combination devices . . . is now codified [by the 1952 Patent Act] in 35 U.S.C. § 103, which denies patentability if the differences between the subject of the patent and the prior art would have been obvious to a person having ordinary

skill in the art.” *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131, 1132 (9th Cir. 1975).

Accordingly, the court concludes that the subject matter of the Looker combination patent was obvious within the meaning of 35 U.S.C. § 103. [*Satco, Inc. v. Transequip, Inc.*, 415 F. Supp. 221, 224-25 (C.D. Cal. 1976).]

II. Obviousness of the Looker Pallet.

“Nonobvious” subject matter is an essential condition of patentability under section 103 of the Patent Act, 35 U.S.C. § 103 (1976).² The Supreme Court, in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), enunciated the following basic factual inquiries to be made by the federal courts in ascertaining whether an invention meets the nonobviousness test of section 103:

[T]he scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. [*Graham v. John Deere Co.*, *supra*, 383 U.S. at 17.]

The Court has twice admonished that “strict observance” of those factual inquiries is necessary. *Graham*,

²§ 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

supra, 383 U.S. at 18; *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, 62 (1969).

Satco asserts that the district court, in the portions of its opinion quoted above, utilized an inappropriate test of nonobviousness, equating nonobviousness with producing a synergistic result (or “unusual or surprising consequences”), rather than undertaking the factual analysis required by the *Graham* case, *supra*. Accordingly, Satco contends that we must vacate the judgment and remand the case to the district court for a redetermination of the obviousness issue under the analysis set forth in *Graham*.

We reject this contention. The district court did not precisely articulate its application of the *Graham* analysis in deciding the obviousness issue. However, a reading of the court’s entire opinion, in the context of the extensive record in this case, reveals that the district court in fact appropriately examined the prior art in comparison with the Looker patent and took into account the level of ordinary skill in the pertinent art.

The district court’s careful description of the differences between the Looker patent and prior art pallets, *Satco, supra*, 415 F. Supp. at 224, reflects the comprehensive evidence in the record regarding “the scope and content of the prior art” and the “differences between the prior art and the claims at issue,” the first two factual inquiries required by *Graham, supra*. The record amply supports the district court’s findings that, although Looker improved upon prior art pallets, each basic component of the Looker patent was known in the prior art.

We think it is also clear, from the district court's reference to a prior art unpatented pallet achieving effects similar to those of the Looker patent, that the court took into account the third *Graham* consideration, the level of ordinary skill in the pertinent art, in finding that the Looker pallet produces only "expected effects." *Satco, supra*, 415 F. Supp. at 224 and n.1. Moreover, the court's quotation of the "obvious to a person having ordinary skill in the art" language of *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131, 1132 (9th Cir. 1975), and its reference to "the meaning of 35 U.S.C. § 103," *id.* at 225, which statute contains similar language, indicates the court's awareness of the importance of the level of ordinary skill in assessing obviousness.

We therefore conclude that the district court made the factual inquiries required by *Graham* and section 103 as a background to its assessment of obviousness.

After addressing the factual inquiries called for by the *Graham* case, the district court was called upon to form a legal conclusion as to the section 103 condition of patentability.³ In forming its legal conclusion that the Looker device failed of patentability for obviousness, the district court properly considered the failure of that device, which combines old elements, to create a synergistic result⁴ or to disclose any "unusual or surprising consequences." See *Sakraida v. Ag*

³While the *Graham* case indicates that resolution of the obviousness issue under § 103 necessarily entails certain factual inquiries, the ultimate test of patent validity remains one of law. See *Sakraida v. Ag Pro*, 425 U.S. 273, 280 (1976).

⁴A synergistic result occurs when a combination of elements produces an effect greater than the sum of the several effects of the elements taken separately. See *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969).

Pro, 425 U.S. 273, 282 (1976); *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, 60-61 (1969); *Penn International Industries v. Pennington Corporation*, 583 F.2d 1078, 1081 (9th Cir. 1978); *Reinke Manufacturing Co. v. Sidney Manufacturing Co.*, Nos. 78-1341, '78-1301, slip op. at 8 (8th Cir. Feb. 26, 1979).

Ample evidence in the record supports the district court's determination that the Looker patent is invalid as obvious within the meaning of 35 U.S.C. § 103, and we affirm on that issue.

We add a comment. The *Graham* analysis represents a practical approach for courts in developing a factual background for determining patentability. As already noted, the Supreme Court has insisted upon strict observance of that approach in order to achieve "that uniformity and definiteness [in patentability decisions] which Congress called for [in enacting section 103]." *Graham v. John Deere & Co.*, *supra*, 383 U.S. at 18. See *Anderson's-Black Rock*, *supra*, 396 U.S. at 62. We further suggest that trial courts may make our task on review easier and more precise by fully articulating findings under the *Graham* analysis in all cases presenting the obviousness issue.

III. Attorneys' Fees.

In their cross-appeal, Transequip, Inc. and Seaboard World Airlines seek attorneys' fees.⁵ The cross-appellants rely upon 35 U.S.C. § 285 (1976), which provides that the court may award attorneys' fees to the prevailing party in a patent infringement action

⁵The notice of cross-appeal contested the trial court's failure to award costs and attorneys' fees, but Transequip and Seaboard in a consolidated brief assert only an entitlement to attorneys' fees under 35 U.S.C. § 285.

"in exceptional cases." Transequip and Seaboard urge that this is such an "exceptional case," because Robert Looker caused Satco to bring this action in bad faith.

We reject the cross-appellants' request for attorneys' fees for two reasons.

First, we doubt that the issue of attorneys' fees is properly before us for review, as the cross-appellants failed to obtain a ruling on this issue from the district court. Although Transequip and Seaboard in a posttrial brief requested attorneys' fees, the trial court did not rule on such request. After judgment, cross-appellants moved for an amendment of the judgment only to add costs, not to provide attorneys' fees.

Second, the district court denied costs to Transequip and Seaboard (a matter not raised on this appeal, *see* note 5 *supra*) for reasons which are more than adequate to support denial of the cross-appellants' claims for attorneys' fees.⁶ Thus, the cross-appellants have failed to demonstrate any right to receive attorneys' fees in this litigation.

Affirmed.⁷

⁶In its order dated September 23, 1976, denying the cross-appellants' motion to amend the judgment to award them costs, the district court stated:

(1) [The court's] original ruling that each party bear its own costs was properly based on the court's perception of the equities present in this case in that, although the defendants [Transequip and Seaboard] prevailed on the obviousness issue, the plaintiff's [Satco's] suit was not frivolous;

* * *

(4) Defendants spent much more time and money than warranted by the simple facts. [A]n inordinate amount of time was spent on raising secondary issues.

⁷The appellees, Transequip and Seaboard, shall be deemed the prevailing parties on this appeal. The appellees shall be entitled to 80 percent of their costs on the consolidated appeal and cross-appeal.

APPENDIX B.

Satco, Inc. v. Transequip, Inc. Cite as 415 F.Supp. 221 (1976).

Satco, Inc., Plaintiff, v. Transequip, Inc., Defendant.
Satco, Inc., Plaintiff, v. Seaboard World Airlines, Defendant. Civ. Nos. 73-1684-HP, 73-2774-HP.

United States District Court, C. D. California.

June 8, 1976.

Consolidated actions were brought for infringement of patent No. 3,698,677 entitled "Pallet for Moving and Securing Cargo." The District Court, Pregerson, J., held that while the combination of known elements in the all-aluminum pallet performed a useful function and enjoyed moderate commercial success, it produced no synergistic results, that is, it was wanting in any unusual or surprising consequences, and it was not patentable under test applicable to combination patents but was obvious.

Patent declared invalid.

George F. Smyth, Mario A. Martella, Smyth, Roston & Pavitt, A Professional Corporation, Los Angeles, Cal., for plaintiff.

Robert D. Hornbaker, A Professional Corporation, Los Angeles, Cal., for defendants.

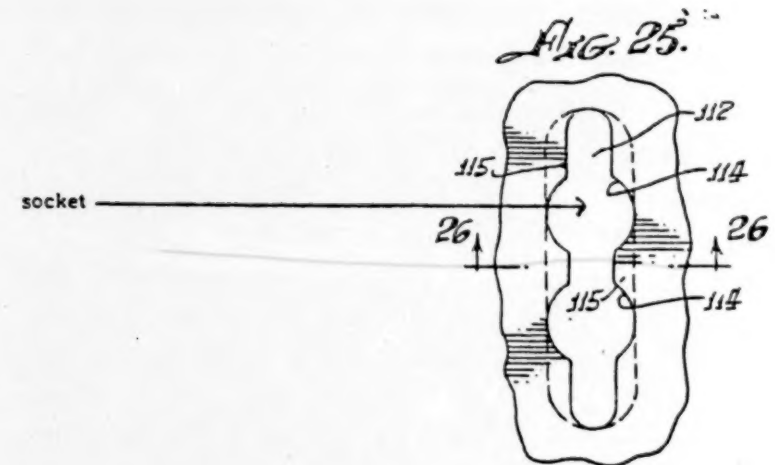
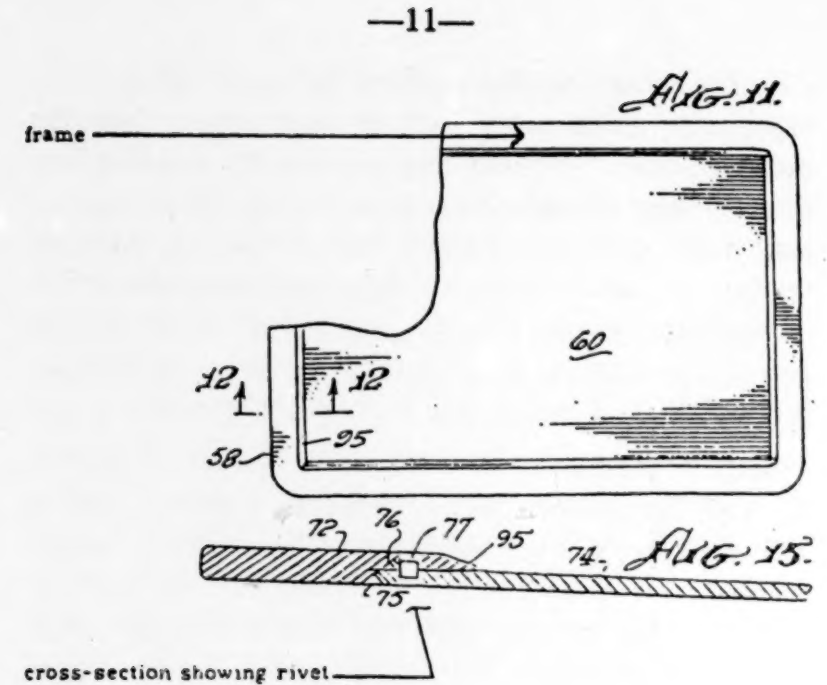
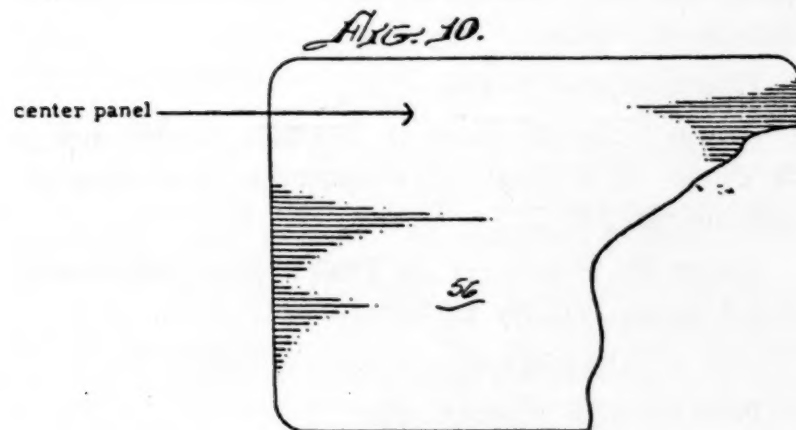
MEMORANDUM OF DECISION

PREGERSON, District Judge.

These consolidated cases are actions for infringement of Looker's U.S. Patent No. 3,698,677 entitled "Pallet for Moving and Securing Cargo," issued on October 17, 1972.

Plaintiff Satco, assignee of the patent, charges that defendant Transequip makes and sells, and defendant Seaboard uses, all-aluminum air cargo pallets which infringe the Looker patent. This court has jurisdiction under the patent laws of the United States, 28 U.S.C. § 1338.

The Satco pallets manufactured under the Looker patent are about 88" wide and 108" or 125" long and consist of a rectangular all-aluminum center panel about .20" thick riveted to a thicker (.64") aluminum frame containing sockets or slots designed to engage cargo nets or containers. The basic components of the Looker invention—center panel, frame, rivets, sockets—are exemplified in Figures 10, 11, 15, and 25 of the patent. These four drawings are reproduced below:



Because of its relatively thin center panel (74) and thicker frame (72), as shown in Figure 15, Looker's aluminum pallet, as made by Satco, has two useful interacting characteristics: (1) vertical flexibility and

(2) horizontal rigidity. When the pallet is used to support or move cargo, vertical flexibility permits the pallet to bend and bow out of the horizontal plane to accommodate uneven points in supporting structures, e.g., roller-trays or ball-mats, without warping, denting, tearing, or other damage. Moreover, when the pallet is anchored to an aircraft's deck, horizontal rigidity permits the pallet to withstand forces generated by take-off, flight, landing, and "survivable" crashes.

Satco contends that the interaction of vertical flexibility and horizontal rigidity found in Looker's pallets was unexpected and nonobvious. Looker's invention, according to Satco, solved the delamination, denting, warping, and tearing problems which plagued prior art air cargo pallets with rigid center panels. These center panels were made of such materials as laminated plywood-lebanite, laminated plywood-phenrock, and laminated balsa-aluminum.

Looker's all-aluminum pallet eliminated or reduced the problems inherent in air cargo pallets with rigid laminated center panels. Since Looker's pallet contains a single center sheet of flexible aluminum (about .20" thick), the delaminating problem was eliminated and warping and denting were reduced, as one would expect. Prior art laminated aluminum-balsa center panels also suffered tearing of their relatively thin (.05") aluminum skins caused, in part, by uneven points on roller-trays and ball-mats. Tearing of this sort obviously does not occur with the Looker pallet since it has no thin aluminum skin.

Transequip and other non-party manufacturers fabricate all-aluminum pallets used by Seaboard to transport air cargo. These pallets embody the same basic compo-

nents and perform the same basic functions as Looker's pallets. Among their asserted defenses to charges of infringement, Transequip and Seaboard claim that the Looker combination patent is invalid under § 103 of Title 35 U.S.C. for obviousness. The court now addresses this overriding issue.

Each basic element combined in the Looker pallet—center panel, frame, rivets, sockets—was known in the prior art. The pivotal question under § 103 is, then, whether this assemblage of old elements created a valid combination patent by producing a result that can be characterized as synergistic, i. e., "result[ing] in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61, 90 S.Ct. 305, 308, 24 L.Ed.2d 258 (1969).

Satco argues that the Looker combination patent does indeed produce a synergistic result. The synergism of Looker's invention, according to Satco, is a novel interaction between the thicker aluminum frame and the thinner aluminum center panel, producing a combined structure that is both rigid and flexible. Rigid when the pallet is subjected to substantial horizontal forces; flexible when subjected to vertical forces. But the sum of such effects is exactly what one would expect from the elements of this structure. An ordinary aluminum cafeteria tray will produce the same expected effects.¹ Looker's combination does not produce a

¹Indeed, substantially the same results were produced by Currie's prior art unpatented all-aluminum pallet, which, in fact, was a large tray. The Currie pallet was designed in 1964 by Robert Currie, a civilian engineer at Norton Air Force Base, to eliminate problems of warping, tearing, and delamination suffered by the Air Force's laminated balsa-aluminum pallets. Using Currie's design, the Air Force built two all metal pallets out of ¼" aluminum plate. The borders of the aluminum sheet were turned up at an angle of about
(This footnote is continued on next page)

synergism—it only produces expected results. See *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 282, 96 S.Ct. 1532, 47 L.Ed.2d 784, 44 U.S.L.W. 4477, 4480 (1976).

In short, while Looker's combination of known elements performs a useful function and enjoys moderate commercial success, it produces no synergistic results, i.e., it "is wanting in any unusual or surprising consequences"; therefore, it is not patentable under the test applicable to combination patents. *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152, 71 S.Ct. 127, 130, 95 L.Ed. 162 (1950). "The [*A & P Tea*] 'unusual or surprising consequences' test for patentability of combination devices . . . is now codified [by the 1952 Patent Act] in 35 U.S.C. § 103, which denies patentability if the differences between the subject of the patent and the prior art would have been obvious to a person having ordinary skill in the art." *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131, 1132 (9th Cir. 1975).

Accordingly, the court concludes that the subject matter of the Looker combination patent was obvious within the meaning of 35 U.S.C. § 103. U.S. Patent No. 3,698,677 is therefore declared invalid.

Counsel for Transequip and Seaboard shall lodge appropriate proposed judgments.

This Memorandum of Decision shall constitute the court's findings of fact and conclusions of law in accordance with Fed.R.Civ.P. 52.

30° and the four corners were then welded to form a large tray, 54" wide, 88" long, and 1-3/16" deep. The turned up borders were provided with slots for cargo net hooks. After undergoing ground experiments, one of Currie's pallets was used publicly in 1965 to transport military air cargo. The Air Force, however, declined to use Currie's innovation and continues to use its earlier developed pallet.

APPENDIX "C".

United States Code, Title 35—Patents.

§ 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

APPENDIX "D".

**(40) Examination of Claims for Patentability
Under 35 U.S.C. 103.**

The purpose of this notice is to inform the public of the current Patent and Trademark Office policy concerning determinations of obviousness under 35 U.S.C. 103 in view of the recent Supreme Court decision in *Sakraida v. Ag Pro*, 189 USPQ 449 (1976).

The following text is a copy of a memorandum issued to all patent examining personnel relative to this topic.

A clarification of the policy of the Patent and Trademark Office in the examination of claims for patentability under 35 U.S.C. 103 seems in order at this time in view of the Supreme Court's decision in *Sakraida v. Ag Pro*, 189 USPQ 449 (decided April 20, 1976) which is similar to the Court's earlier decision in *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 163 USPQ 673 (decided December 8, 1969).

"Office policy has consistently been to follow *Graham v. John Deere Co.*, 148 USPQ 459 (decided February 21, 1966) in the consideration and determination of obviousness under 35 U.S.C. 103. The three factual inquiries enunciated therein as a background for determining obviousness are as follows:

1. Determination of the scope and content of the prior art;
2. Ascertaining the differences between the prior art and the claims in issue; and
3. Resolving the level of ordinary skill in the pertinent art.

"Attention is directed to MPEP Section 706 for a more complete discussion of the application of the Graham test.

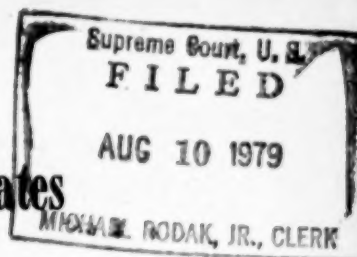
"The Supreme Court reaffirmed and relied upon the Graham three-pronged test in its consideration and determination of obviousness in the fact situations presented in both the *Ag Pro* and *Black Rock* decisions. In each case, the Court went on to discuss whether the claimed combinations produced a 'new or different function' and a 'synergistic result,' but clearly decided whether the claimed inventions were unobvious on the basis of the three-way test in *Graham*. Nowhere in its decisions in those cases does the Court state that the 'new or different function' and 'synergistic result' tests supersede a finding of unobviousness or obviousness under the Graham test.

"Accordingly, examiners should continue to apply the test for patentability under 35 U.S.C. 103 set forth in *Graham*. It should be noted that the Supreme Court's application of the Graham test to the fact circumstances in *Ag Pro* is somewhat stringent, as it was in *Black Rock*".

July 8, 1976.

C. MARSHALL DANN,
Commissioner of Patents & Trademarks.
[949 O.G.3]

IN THE
Supreme Court of the United States



October Term, 1979
No. 79-50

SATCO, INC.,

Petitioner,

vs.

TRANSEQUIP, INC.,

Respondent.

SATCO, INC.,

Petitioner,

vs.

SEABOARD WORLD AIRLINES,

Respondent.

**Opposition to Petition for Writ of Certiorari to the
United States Court of Appeals for the Ninth
Circuit.**

ROBERT D. HORNBAKER,
A Member of
FREILICH, HORNBAKER, WASSERMAN,
ROSEN AND FERNANDEZ,
A Professional Corporation,
10960 Wilshire Boulevard, Suite 1432,
Los Angeles, Calif. 90024,
(213) 477-4039,

Attorneys for Respondents.

SUBJECT INDEX

	I.	Page
Statement of the Case		1
A. The Patent in Suit		1
B. The District Court Opinion		2
C. Opinion of the Court of Appeals		5
	II.	
Argument		9
A. The District Court, and the Court of Appeals, Properly Equated Lack of Synergistic Results With Wanting in Any Unusual or Surprising Consequences		9
B. There Is No Conflict in the Circuits		14
	III.	
Conclusion		16

ii.

TABLE OF AUTHORITIES CITED

Cases	Page
American Seating Co. v. National Seating, 586 F.2d 611, 199 USPQ 257 (6th Cir. 1978), cert. denied, 202 USPQ 320 (1979)	13, 14, 15
Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969)	2, 7, 11, 12, 13, 14
Austin v. Marco Dental Products, 560 F.2d at 972, 195 USPQ 533	14
Bates v. Daytona, 310 F.Supp. 311, 163 USPQ 385 (C.D. Calif. 1969), aff'd., 441 F.2d 1110, 169 USPQ 778 (9th Cir. 1971)	9
Clark Equipment Co. v. Keller, 570 F.2d 778, 197 USPQ 209 (8th Cir. 1978), cert. denied, 200 USPQ 64 (1978)	14, 15
Cuno v. Automatic Devices, 314 U.S. 84, 51 USPQ 272 (1941)	12
Deere & Co. v. Sperry Rand Corp., 513 F.2d 1131 (9th Cir. 1975)	4
Deere v. Hesston, 196 USPQ 238 (D. Utah 1977) ..	13
Duplan v. Deering Milliken, 444 F.Supp. 648, 197 USPQ 342 (D.S.C. 1977)	13
Edoco v. Peter Kiewit, 313 F.Supp. 1081, 165 USPQ 207 (C.D. Calif. 1970), aff'd., 411 F.2d 988, 177 USPQ 418 (9th Cir. 1973)	9
Freeman, In re, 573 F.2d 1237, 197 USPQ 464 (CCPA 1978)	13

iii.

	Page
Graham v. John Deere, 383 U.S. 1, 148 USPQ 459 (1966)	5, 6, 7, 8, 12, 16
Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 71 S.Ct. 127, 95 L.Ed. 162 (1950)	3, 5, 8, 9, 10, 11, 12, 13, 15, 16
Kamie-Autokomfort v. Eurasian Automotive Products, 553 F.2d 603, 194 USPQ 362 (9th Cir. 1977)	14
Kearney & Trecker v. Cincinnati Milacron, 562 F.2d 365, 195 USPQ 402 (6th Cir. 1977)	13
Lawrence v. Gillette, 196 USPQ 610 (C.D. Calif. 1977)	13
Palmer v. Orthokinetics, 197 USPQ 207 (C.D. Calif. 1977)	13
Penn International Industries, Inc. v. Pennington Corp., 583 F.2d 1078, 200 USPQ 651 (9th Cir. 1978)	7, 14
Reeves v. Beckman, 161 USPQ 450 (C.D. Calif. 1968), aff'd., 444 F.2d 263, 170 USPQ 74 (9th Cir. 1971), cert. denied, 404 U.S. 951, 171 USPQ 641 (1971)	9
Reinke Manufacturing Co. v. Sidney Manufacturing Co., Nos. 78-1341, 78-1301 (8th Cir. Feb. 26, 1979)	7
Republic Industries v. Schlage, 592 F.2d 963, 200 USPQ 769 (7th Cir. 1979)	15, 16
Roanwell v. Plantronics, 429 U.S. 1004, 192 USPQ 65 (1976)	11

	Page
Saginaw Products v. Eastern Airlines, 195 USPQ 551 (E.D. Mich. 1977)	13
Sakraida v. Ag Pro, Inc., 425 U.S. 273, 96 S.Ct. 1532, 47 L.Ed.2d 784, 44 U.S.L.W. 4477 (1976)	3, 7, 11, 12, 14, 15
Stukenborg v. Teledyne, 299 F.Supp. 1152, 161 USPQ 10 (C.D. Calif. 1969), aff'd., 441 F.2d 1069, 169 USPQ 584 (9th Cir. 1971)	8
Union Carbide v. Filtrol, 170 USPQ 482 (C.D. Calif. 1971), aff'd., 179 USPQ 209 (9th Cir. 1973)	9
Volvo v. Cummings & Sander, 161 USPQ 198 C.D. Calif. 1969), aff'd., 435 F.2d 981, 168 USPQ 332 (9th Cir. 1970)	8, 9

Dictionary

Webster's Third New International Dictionary (1968), pp. 1124, 2367	5
---	---

Statute

United States Code, Title 35, Sec. 103	2, 4, 5, 8, 9, 11, 16
--	-----------------------

Textbook

5A Moore's Federal Practice, ¶52.03[1], p. 2627 ..	9
--	---

IN THE
Supreme Court of the United States

October Term, 1979
No. 79-50

SATCO, INC.,	vs.	<i>Petitioner,</i>
TRANSEQUIP, INC.,	vs.	<i>Respondent.</i>
SATCO, INC.,	vs.	<i>Petitioner,</i>
SEABOARD WORLD AIRLINES,	vs.	<i>Respondent.</i>

**Opposition to Petition for Writ of Certiorari to the
United States Court of Appeals for the Ninth
Circuit.**

I.

Statement of the Case.

A. The Patent in Suit.

Looker U.S. Patent No. 3,698,677, entitled "Pallet for Moving and Securing Cargo," filed January 22, 1970, issued October 17, 1972, PX-1,* covers an aircraft pallet having a metal frame around a single sheet, or plate, of metal, usually aluminum. These pallets are about 88 inches wide, and either 108

*Plaintiff's Exhibit 1.

or 125 inches long. The description states the thickness of an aluminum sheet, for example, should be "in the range of 0.150 inch-0.375 inch," at col. 6, lines 8-9.

Looker called his patent a "picture frame," R.Tr. 554:21-555:12,* and the pallet a "cookie sheet." R.Tr. 555:13-14.

B. The District Court Opinion.

In holding the patent invalid, under Section 103 of Title 35, United States Code, the District Court said, in a Memorandum of Decision, attached as Appendix B to the Petition, at pages 13-14:

Each basic element combined in the Looker pallet—center panel, frame, rivets, sockets—was known in the prior art. The pivotal question under §103 is, then, whether this assemblage of old elements created a valid combination patent by producing a result that can be characterized as synergistic, *i.e.*, "result[ing] in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61, 90 S.Ct. 305, 308, 24 L.Ed.2d 258 (1969).

Satco argues that the Looker combination patent does indeed produce a synergistic result. The synergism of Looker's invention, according to Satco, is a novel interaction between the thicker aluminum frame and the thinner aluminum center panel, producing a combined structure that is both rigid and flexible. Rigid when the pallet is subjected to substantial horizontal forces; flexible when sub-

*Reporter's Transcript, page 554, line 21 to page 555, line 12.

jected to vertical forces. But the sum of such effects is exactly what one would expect from the elements of this structure. An ordinary aluminum cafeteria tray will produce the same expected effects.¹ Looker's combination does not produce a synergism—it only produces expected results. See *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 282, 96 S.Ct. 1532, 47 L.Ed.2d 784, 44 U.S.L.W. 4477, 4480 (1976).

In short, while Looker's combination of known elements performs a useful function and enjoys moderate commercial success, it produces no synergistic results, *i.e.*, it "is wanting in any unusual or surprising consequences"; therefore, it is not patentable under the test applicable to combination patents. *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 512, 71 S.Ct. 127, 130, 95 L.Ed. 162 (1950). "The [*A&P Tea*] 'unusual or surprising consequences' test for patentability of combination devices . . . is now codified [by the 1952 Patent Act] in 35 U.S.C. §103, which denies patentability if the differences between the subject of the patent

¹Indeed, substantially the same results were produced by Currie's prior art unpatented all-aluminum pallet, which, in fact, was a large tray. The Currie pallet was designed in 1964 by Robert Currie, a civilian engineer at Norton Air Force Base, to eliminate problems of warping, tearing, and delamination suffered by the Air Force's laminated balsa-aluminum pallets. Using Currie's design, the Air Force built two all metal pallets out of ¼" aluminum plate. The borders of the aluminum sheet were turned up at an angle of about 30° and the four corners were then welded to form a large tray, 54" wide, 88" long, and 1-3/16" deep. The turned up borders were provided with slots for cargo net hooks. After undergoing ground experiments, one of Currie's pallets was used publicly in 1965 to transport military air cargo. The Air Force, however, declined to use Currie's innovation and continues to use its earlier developed pallet.

and the prior art would have been obvious to a person having ordinary skill in the art." *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131, 1132 (9th Cir. 1975).

Accordingly, the court concludes that the subject matter of the Looker combination patent was obvious within the meaning of 35 U.S.C. §103. U.S. Patent No. 3,698,677 is therefore declared invalid.

So, as appears above, the District Court made these findings and conclusions:

- (1) "Each basic element combined in the Looker pallet—center panel, frame, rivets, sockets—was known in the prior art."
- (2) "Looker's combination . . . 'is wanting in any unusual or surprising consequences.'"
- (3) "Looker's combination . . . produces expected results."
- (4) ". . . the sum of such effects is exactly what one would expect from the elements of this structure."
- (5) ". . . , substantially the same results were produced by Currie's prior art unpatented all-aluminum pallet . . ."
- (6) ". . . the subject matter of the Looker combination patent was obvious within the meaning of 35 U.S.C. §103."

Also, as appears above, the District Court equated lack of synergistic results with wanting in any unusual or surprising consequences. Said the Court, at page 14:

. . . Looker's combination . . . produces no synergistic results, *i.e.*, it "is wanting in any unusual or surprising consequences"; therefore it is

not patentable under the test applicable to combination patents. *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152, 71 S.Ct. 127, 130, 95 L.Ed. 163 (1950).

According to *Webster's Third New International Dictionary* (1968), at pages 1124 and 2367, "*i.e.*," means "that is," which, in turn, means "the following or immediately preceding word or word group may express the intended meaning more understandably or more accurately than a previous word or word group—used to introduce or accompany an explanation or correction."

C. Opinion of the Court of Appeals.

Respondent Transequip argued, in its Brief, and at the oral hearing, that the District Court properly applied the Section 103 test, as explained in *Graham v. John Deere*, 383 U.S. 1, 17, 148 USPQ 459 (1966). Transequip also argued that the District Court was right in considering the lack of a synergistic result, and equating it with wanting in any unusual or surprising consequences.

The Court of Appeals agreed.

Said the Court, including former Chief Judge Chambers, in its opinion, attached as Appendix A to the Petition, at pages 5-7:

Satco asserts that the district court, in the portions of its opinion quoted above, utilized an inappropriate test of nonobviousness, equating nonobviousness with producing a synergistic result (or "unusual or surprising consequences"), rather than undertaking the factual analysis required by the *Graham* case, *supra*. Accordingly, Satco contends that we must vacate the judgment and

remand the case to the district court for a redetermination of the obviousness issue under the analysis set forth in *Graham*.

We reject this contention. The district court did not precisely articulate its application of the *Graham* analysis in deciding the obviousness issue. However, a reading of the court's entire opinion, in the context of the extensive record in this case, reveals that the district court in fact appropriately examined the prior art in comparison with the Looker patent and took into account the level of ordinary skill in the pertinent art.

The district court's careful description of the differences between the Looker patent and prior art pallets, *Satco, supra*, 415 F.Supp. at 224, reflects the comprehensive evidence in the record regarding "the scope and content of the prior art" and the "differences between the prior art and the claims at issue," the first two factual inquiries required by *Graham, supra*. The record amply supports the district court's findings that, although Looker improved upon prior art pallets, each basic component of the Looker patent was known in the prior art.

We think it is also clear, from the district court's reference to a prior art unpatented pallet achieving effects similar to those of the Looker patent, that the court took into account the third *Graham* consideration, the level of ordinary skill in the pertinent art, in finding that the Looker pallet produces only "expected effects." *Satco, supra*, 415 F.Supp. at 224 and n.1. Moreover, the court's quotation of the "obvious to a person having ordinary skill in the art" language of *Deere & Co. v. Sperry Rand Corp.* 513 F.2d 1131, 1132

(9th Cir. 1975), and its reference to "the meaning of 35 U.S.C. §103," *id.* at 225, which statute contains similar language, indicates the court's awareness of the importance of the level of ordinary skill in assessing obviousness.

We therefore conclude that the district court made the factual inquiries required by *Graham* and section 103 as a background to its assessment of obviousness.

After addressing the factual inquiries called for by the *Graham* case, the district court was called upon to form a legal conclusion as to the section 103 condition of patentability.³ In forming its legal conclusion that the Looker device failed of patentability for obviousness, the district court properly considered the failure of that device, which combines old elements, to create a synergistic result⁴ or to disclose any "unusual or surprising consequences." See *Sakraida v. Ag Pro*, 425 U.S. 273, 282 (1976); *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, 60-61 (1969); *Penn International Industries v. Pennington Corporation*, 583 F.2d 1078, 1081 (9th Cir. 1978); *Reinke Manufacturing Co. v. Sidney Manufacturing Co.*, Nos. 78-1341, 78-1301, slip op. at 8 (8th Cir. Feb. 26, 1979).

³While the *Graham* case indicates that resolution of the obviousness issue under §103 necessarily entails certain factual inquiries, the ultimate test of patent validity remains one of law. See *Sakraida v. Ag Pro*, 425 U.S. 273, 280 (1976).

⁴A synergistic result occurs when a combination of elements produces an effect greater than the sum of the several effects of the elements taken separately. See *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969).

Ample evidence in the record supports the district court's determination that the Looker patent is invalid as obvious within the meaning of 35 U.S.C. §103, and we affirm on that issue.

So the District Court did not invalidate Looker's patent, "without even a reference to *Graham*," as stated on page 3 of the Petition.

Also, neither the District Court, nor the Court of Appeals, held that "a nonstatutory, post-invention, factual determination—labeled 'synergism'— is the ultimate constitutional test of patentability for a combination of elements," as stated on page 2 of the Petition.

And, the Court of Appeals did not add to the *Graham* analysis "a fourth factual inquiry determinable only after an invention has been made, the existence of which, . . . is the essential legal criteria of patentability," as stated on page 4 of the Petition.

Instead, the District Court, and the Court of Appeals, applied the Section 103 test, as explained in *Graham*, and properly considered the failure of the old combination to provide any unusual or surprising consequences, as required by the *A.&P.* case, and codified in Section 103. *Graham v. John Deere*, 383 U.S. 1, 17, 148 USPQ 459, 466 (1966).

Incidentally, the experienced District Court had previously held five patents valid, and five patents invalid. The Court of Appeals had affirmed all 10. *Stukenborg v. Teledyne*, 299 F.Supp. 1152, 161 USPQ 10 (C.D. Calif. 1969), *aff'd.*, 441 F.2d 1069, 169 USPQ 584 (9th Cir. 1971); *Volvo v. Cummings & Sander*, 161 USPQ 198 (C.D. Calif. 1969), *aff'd.*,

435 F.2d 981, 168 USPQ 332 (9th Cir. 1970); *Reeves v. Beckman*, 161 USPQ 450 (C.D. Calif. 1968), *aff'd.*, 444 F.2d 263, 170 USPQ 74 (9th Cir. 1971), *cert. denied*, 404 U.S. 951, 171 USPQ 641 (1971); *Bates v. Daytona*, 310 F.Supp. 311, 163 USPQ 385 (C.D. Calif. 1969), *aff'd.*, 441 F.2d 1110, 169 USPQ 778 (9th Cir. 1971); *Edoco v. Peter Kiewit*, 313 F.Supp. 1081, 165 USPQ 207 (C.D. Calif. 1970), *aff'd.*, 411 F.2d 988, 177 USPQ 418 (9th Cir. 1973); *Union Carbide v. Filtrol*, 170 USPQ 482 (C.D. Calif. 1971), *aff'd.*, 179 USPQ 209 (9th Cir. 1973).

So the following statement in 5A *Moore's Federal Practice*, ¶52.03[1], at page 2627, was particularly apt:

. . . another factor is the reliability of the trier of the facts . . . , the reputation and standing of the trial judge for experience, discernment, detachment, reliability, carefulness, probity and other qualities that combine to make judging the master's art cannot and should not be ignored.

In this connection, President Carter recently nominated the District Court judge for a vacancy on the Court of Appeals.

II.

Argument.

A. The District Court, and the Court of Appeals, Properly Equated Lack of Synergistic Results With Wanting in Any Unusual or Surprising Consequences.

Prior to the enactment of Section 103, in 1952, the courts had developed a negative rule applicable to bringing old elements together. In *Great A.&P. Tea Co. v. Supermarket Equipment Corp.*, 340 U.S.

147, 87 USPQ 303 (1950), Mr. Justice Jackson stated the rule in these three italicized ways, at pages 150-153:

What indicia of invention should the courts seek in a case where nothing tangible is new, and invention, if it exists at all, is only in bringing old elements together?

While this Court has sustained combination patents, it never has ventured to give a precise and comprehensive definition of the test to be applied in such cases. The voluminous literature which the subject has excited discloses no such test. It is agreed that the key to patentability of a mechanical device that brings old factors into co-operation is presence or lack of invention. In course of time the profession came to employ the term "combination" to imply its presence and the term "aggregation" to signify its absence, thus making antonyms in legal art of words which in ordinary speech are more nearly synonyms. However useful as words of art to denote in short form that an assembly of units has failed or has met the examination for invention, their employment as tests to determine invention results in nothing but confusion. The concept of invention is inherently elusive when applied to combination of old elements. This, together with the imprecision of our language, have counselled courts and text writers to be cautious in affirmative definitions or rules on the subject.

The negative rule accrued from many litigations was condensed about as precisely as the subject permits in *Lincoln Engineering Co. v. Stewart-*

Warner Corp., 303 U.S. 545, 549: "*The mere aggregation of a number of old parts or elements which, in the aggregation, perform or produce no new or different function or operation than that theretofore performed or produced by them, is not patentable invention.*" To the same end is *Toledo Pressed Steel Co. v. Standard Parts, Inc.*, 307 U.S. 350, and *Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U.S. 84. The conjunction or concert of known elements must contribute something: *only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable.* Elements may, of course, especially in chemistry or electronics, take on some new quality or function from being brought into concert, but this is not a usual result of uniting elements old in mechanics. *This case is wanting in any unusual or surprising consequences from the unification of the elements here concerned*, and there is nothing to indicate that the lower courts scrutinized the claims in the light of this rather severe test." (Italics added.)

Since the enactment of Section 103, the Supreme Court has continued to cite the *A.&P.* case, and apply this negative rule to bringing old elements together. *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61, 163 USPQ 673, 674 (1969); *Sakraida v. Ag Pro*, 425 U.S. 273, 280-283, 189 USPQ 449, 452-453 (1976); *Roanwell v. Plantronics*, 429 U.S. 1004, 192 USPQ 65 (1976).

In *Anderson's-Black Rock*, Justice Douglas, the man who coined the controversial phrase, "flash of creative

genius,”* in *Cuno v. Automatic Devices*, 314 U.S. 84, 51 USPQ 272 (1941), used the words “synergistic result,” for the first time.

Said he, at pages 60-61:

The combination of putting the burner together with the other elements in one machine, though perhaps a matter of great convenience, did not produce a “new or different function,” *Lincoln Co. v. Stewart-Warner Corp.*, 303 U.S. 545, 549, 37 USPQ 1, 3, within the test of validity of combination patents.

A combination of elements may result in an effect greater than the sum of the several effects taken separately. No such synergistic result is argued here. (Italics added.)

So, in describing the lack of synergistic result, Douglas used two of the ways set forth in *A.&P.* of stating the negative rule.

First, he used the words “new or different function,” quoted from *Lincoln Engineering*, in *A.&P.*

Second, in talking about “an effect greater than the sum of the several effects,” he paraphrased these words, in *A.&P.*, at page 152:

... only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable.

In *Sakraida v. Ag Pro*, 425 U.S. 273, 189 USPQ 449 (1976), the Court also considered the lack of

*In *Graham v. John Deere*, 383 U.S. 1, 148 USPQ 459 (1966), the court said, at page 15, in footnote 7: “. . . the reference to ‘flash of creative genius’ was but a rhetorical embellishment of language going back to 1833.”

synergistic result to be the same as the negative rule in *A.&P.*, as stated in *Anderson's-Black Rock*.

Said the Court, at page 282:

We cannot agree that the combination of these old elements to produce an abrupt release of water directly on the barn floor from storage tanks or pools can properly be characterized as synergistic, that is, “*result[ing] in an effect greater than the sum of the several effects taken separately.*” *Anderson's-Black Rock v. Pavement Co.*, 396 U.S. 57, 61, 163 USPQ 673, 674 (1960). (Italics added.)

The negative rule was also stated a third way, in *A.&P.*, that is, bringing old elements together is not patentable invention if the unification is wanting in any “unusual or surprising consequences”.

So the District Court, and the Court of Appeals, followed this Court in considering lack of synergistic result as a rhetorical embellishment on the negative rule set forth in *A.&P.*, and one way of stating that rule is: bringing old elements together is not patentable invention if the unification is wanting in any “unusual or surprising consequences.” *Accord: American Seating v. National Seating*, 586 F.2d 611, 621, 199 USPQ 257, 264 (6th Cir. 1978); *Kearney & Trecker v. Cincinnati Milacron*, 562 F.2d 365, 370, 195 USPQ 402, 405-406 (6th Cir. 1977); *Saginaw Products v. Eastern Airlines*, 195 USPQ 551, 560 (E.D. Mich. 1977); *In re Freeman*, 573 F.2d 1237, 1243, fn. 2, 197 USPQ 464, 469 (CCPA 1978); *Deere v. Hess-ton*, 196 USPQ 238, 246 (D. Utah 1977); *Palmer v. Orthokinetics*, 197 USPQ 207, 208 (C.D. Calif. 1977); *Duplan v. Deering Milliken*, 444 F.Supp. 648, 751, 197 USPQ 342, 398 (D.S.C. 1977); *Lawrence v. Gillette*, 196 USPQ 610, 612 (C.D. Calif. 1977).

B. There Is No Conflict in the Circuits.

Penn International Industries, Inc. v. Pennington Corp., 583 F.2d 1078, 1081, 200 USPQ 651, 654 (9th Cir. 1978), partially quoted at page 6 of the Petition, is in accord. The Court there said, at page 1081:

To withstand challenge a combination patent must be synergistic; it must result "in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock v. Pavement Co.*, 396 U.S. 57, 61, 163 USPQ 673, 674-675 (1969). See also *Sakraida*, 425 U.S. at 282. *Phrased differently, to be valid a combination patent must produce an "unusual or surprising result."* *Kamie-Autokomfort v. Eurasian Automotive Products*, 553 F.2d 603, 608, 194 USPQ 362, 366-367 (9th Cir. 1977); *Austin v. Marco Dental Products*, 560 F.2d at 972, 195 USPQ at 533-534. (Italics added).

Also in accord is *American Seating Co. v. National Seating*, 586 F.2d 611, 621, 199 USPQ 257, 264 (6th Cir. 1978), *cert. denied*, 202 USPQ 320 (1979), cited at page 6 of the Petition, where the Court said, at page 621:

The synergistic test is met when a combination of elements produces an effect which is "greater than the sum of the several effects taken separately." *Anderson's-Black Rock*, *supra*, 396 U.S. at 61, 90 S.Ct. at 308, 163 USPQ at 674-675 . . . *Stated another way, there must be some "unusual or surprising result" from a combination of old elements.* (Italics added).

Clark Equipment Co. v. Keller, 570 F.2d 778, 789, 197 USPQ 209, 217 (8th Cir. 1978), *cert. denied*,

200 USPQ 64 (1978), partially quoted at page 7 of the Petition, is another case in which the Court equated lack of synergism with the negative rule in *A.&P.*

In *Republic Industries v. Schlage*, 592 F.2d 963, 972, 200 USPQ 769, 779 (7th Cir. 1979), however, the Court said, at page 972:

. . . this court never intended that synergism be applied literally or that synergism is the sine qua non of patentability. Rather, the concept was employed only as a figure of speech to express the truism that when all the parts of a claimed invention are known, the combination (and the act of combining) is likely to be more obvious to one reasonably skilled in the art.²⁵ See *Reeves Instrument Corp. v. Beckman Instruments, Inc.*, 444 F.2d 263, 271, 170 USPQ 74, 80-81 (9th Cir.), *cert. denied*, 404 U.S. 951, 171 USPQ 641 (1971). However, because synergism has prevented the development of a consistent predictable body of law under section 103, and because the concept does not bear any logical ipso facto relationship to obviousness, the term has little, if any, utility. Therefore until Congress shall otherwise legislate or the the Supreme Court shall otherwise specifically hold, this court will continue to apply the *Graham* analysis as the exclusive means by which to measure nonobviousness under section 103.

²⁵The Supreme Court has expressed this idea in similar terms: "Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding [a patentable] invention in an assembly of old elements. * * *" *Great A & P Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 152, 87 USPQ 303, 305-306 (1950). Accord, *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 281, 189 USPQ 449, 452 (1976).

But the Court did not deny the negative rule, set forth in *A.&P.*, and codified in Section 103. *Graham v. John Deere*, 383 U.S. 1, 17, 148 USPQ 459, 466 (1966).

In any event, all of the Courts of Appeals agree that synergism is not a "fourth" factual test, as alleged in the Petition, at pages 4 and 6.

III.

Conclusion.

The experienced District Court, and the Court of Appeals, correctly held the Looker patent invalid, by applying the Section 103 test, as explained in *Graham*, and properly considered the failure of the old combination to provide any unusual or surprising consequences, as required by the *A.&P.* case, and codified in Section 103.

Neither the District Court, nor the Court of Appeals, held, or suggested, that synergism was a "fourth" factual test.

In all respects, then, the Court of Appeals for the Ninth Circuit is in accord with the decisions of this Court and the other Courts of Appeals cited by Petitioner.

So, the Petition should be denied.

Dated: August 9, 1979.

Respectfully submitted,

ROBERT D. HORNBAKER,
A Member of
FREILICH, HORNBAKER, WASSERMAN,
ROSEN AND FERNANDEZ,
A Professional Corporation,

Attorneys for Respondents.